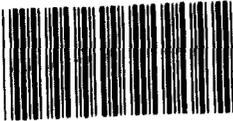


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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548



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STATEMENT OF  
JOHN LUKE, ASSOCIATE DIRECTOR  
RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

BEFORE THE  
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT  
OF THE  
COMMITTEE ON SCIENCE AND TECHNOLOGY  
HOUSE OF REPRESENTATIVES

ON

RECENT MANAGEMENT PRACTICES AT THE  
FEDERAL EMERGENCY MANAGEMENT AGENCY

Mr. Chairman and Members of the Subcommittee:

We are here today at your request to discuss the inquiries we made into allegations concerning Mr. Fred J. Villella, an official of the Federal Emergency Management Agency (FEMA). Mr. Villella has been FEMA's Associate Director for Training and Education since June 11, 1981. In this position, he has been responsible for the operation of FEMA's National Emergency Training Center in Emmitsburg, Maryland. On November 21, 1983, Mr. Villella was also designated as FEMA's Executive Deputy Director and currently holds both positions.

Mr. Chairman, our testimony addresses two issues identified in your letter of March 22, 1984. First, you asked whether Mr. Villella had converted building "G" at FEMA's National Emergency Training Center into eight bedrooms for executives at a cost of \$300,000. You also requested that we determine whether Mr. Villella was personally using a Lincoln Continental at government expense.

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In summary, we found that Mr. Villella and his deputy, approved renovations to building "G." Initially, a \$197,777 firm fixed price contract was awarded to convert building "G" from its former use as a home economics training center on the first floor with a 7 room apartment residence on the second floor to a total of 15 bedrooms with adjoining private bathrooms on both floors. Between September 30, 1983, and March 5, 1984, the contract was modified five times and the cost increased by about 85 percent to \$366,936.

The need for these changes appears to be related to the intended use of building "G", and the intended use was a matter subject to differing explanations by the FEMA officials with whom we spoke and in the documents we reviewed. The various explanations given included (1) student rooms, (2) temporary accommodations for VIP guests, (3) senior government official quality student rooms with space for working dinners and cocktail parties, (4) classified missions in the event of emergency, and (5) a potential residence for the director of the training center.

Regarding your concern that Mr. Villella was personally using a Lincoln Continental at government expense, Mr. Villella told us that he used government rented and leased vehicles, including a Lincoln Town Car, to travel between his official duty station at the training center in Emmitsburg, Maryland, and his office at FEMA headquarters and other work locations in Washington, D.C. He and his driver also said that frequently he

traveled to his home in government rented and leased vehicles. Use of government rented and leased vehicles for home to work transportation violates 31 U.S.C. 1344 and FEMA's current appropriation act (Public Law No. 98-45).

#### BACKGROUND

FEMA's National Emergency Training Center is located on the site of the former St. Joseph's College, Emmitsburg, Maryland. The federal government acquired the college site in 1979 and FEMA now uses the site for emergency management and fire training classes and conferences.

The renovation of building "G" is one of a number of renovation projects that FEMA has undertaken at the training center in recent years. FEMA officials explained that the renovations generally have been designed to upgrade the college dormitories and provide adequate accommodations for the federal, state and local officials that attend the 1- to 2-week training courses.

Building "G", a two story brick and concrete structure, was built in 1948. The building also has a one story annex that was not included in the recent renovation project. The college used the first floor of the main building as its home economics classrooms. The second floor contained seven rooms and served as a private residence.

#### RENOVATION PLANS AND CHANGES

FEMA contracted with an engineering consulting firm, to provide the detailed engineering drawings and specifications for

the renovation. These drawings, dated May and June 1983, called for the following major renovations to building "G":

--The first floor was to be subdivided into 10 bedrooms with adjoining private bathrooms. The bedrooms were to range in size from about 10' by 11'6" to 12' by 15'.

--The plan for the second floor retained the original seven-room apartment layout with living and dining rooms. It called for the conversion of the kitchen into a fifth bedroom with an adjoining bathroom. In addition, a bathroom was to be added to one of the original bedrooms and one bathroom was to be replaced by a kitchenette.

On August 31, 1983, FEMA competitively awarded a \$197,777 firm fixed price contract for renovating building "G." The contractor started the renovation in September 1983 and the work was to be completed in January 1984.

During late September 1983, however, FEMA officials started to revise the renovation plans. FEMA ordered changes and agreed to corresponding increases in the contract price. Between September 30, 1983, and March 5, 1984, the contract was modified five times. The modifications increased the cost by \$169,159 to \$366,936 (about 85 percent) and extended the completion date to May 24, 1984.

The modifications called for several floor plan changes:

--The plan for the first floor was changed to contain 8 bedrooms rather than 10. This change was made by

converting the space designated for one bedroom to a social room with wet bar and by using the space intended for two bedrooms as one large bedroom.

--The second floor plan was changed to contain four bedrooms rather than five. This change was made by converting space designated for one bedroom into a complete kitchen. Also, the space designated as a kitchenette was modified to eliminate a stove and include space for a clothes washer and dryer. Additionally, the second floor changes included a six burner commercial gas range in the kitchen with a fire suppression system, a fireplace modification, a window seat, and copper-lined planter, and a Murphy bed.

The floor plans for the original renovation and the changes are illustrated in the charts before you and in appendix I of my statement. A summary listing of the items included in the contract modifications and the cost of these changes is contained in appendix II of my statement.

#### RENOVATION JUSTIFICATION

Because this subcommittee arranged for a hearing to review FEMA's plans for building "G" and other matters, we limited our work to determining the scope of the renovation work performed and identifying the various explanations previously given about the building's intended use. To identify the intended use for building "G" and justification for the renovation and changes, we reviewed the contract files and interviewed FEMA officials

familiar with the project. We found a number of differing explanations on the intended use of building "G."

The FEMA Requisition and Commitment for Services and Supplies initiated on June 10, 1983, states that the justification for renovating building "G" was to provide 15 student rooms. This request reserved \$200,000 for the renovation and was approved by Mr. Villella, as FEMA's Associate Director for Training and Education. At about the same time, a note on the blueprints for the project, dated May 26, 1983, stated that the renovation would provide temporary accommodations for VIP guests. The renovation contract was based on the blueprints.

Following the initiation of the changes in the renovation plan, a justification for the renovation changes was prepared. A January 28, 1984, memorandum, signed by the Deputy Associate Director for Training and Education states that the training center was becoming increasingly involved in programs in which the participants were senior government officials at the federal, state, and local level, and that housing must be provided that is equivalent to their status. In addition, the memo states that the training center campus had been assigned certain classified missions<sup>1</sup> in the event of emergency and that planning factors had to be considered to include appropriate modifications to previously approved projects. The memo concluded by

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<sup>1</sup>Because of our limited role in identifying the explanations for the renovation, we did not attempt to review the classified documentation on this mission or discuss it further with FEMA officials.

stating that during the renovation of building "G" changes had been identified which are considered necessary to upgrade the quality of housing, and it states that the intended use would be to house senior officials attending training programs.

During our interviews, FEMA officials provided additional explanations for the changes and described another potential use for building "G." The Deputy Associate Director explained that building "G" included space for working dinners and cocktail parties. In addition, Mr. Villella said that he has been interested for about 2-1/2 years in establishing a residence at the training center, and the second floor had potential to be used for that purpose. He said that both he and FEMA's Director believed a residence at the training center, like the one at the U.S. Army War College at Carlisle, Pennsylvania, was necessary due to the need for on-site representation beyond normal working hours.

FEMA's General Counsel confirmed that Mr. Villella had requested information on several occasions about the circumstances under which a residence could be established at the training center. The General Counsel's memorandum of October 19, 1981, stated that such a decision could be made by the Director of FEMA if, among other findings, suitable housing was not available within a reasonable distance. FEMA's General Counsel told us that such a finding would need to consider the availability of housing in nearby places such as Emmitsburg and Thurmont, Maryland, and Gettysburg, Pennsylvania. However, he said that as of July 19, 1984, this determination had not been made.

## VEHICLE USE

Rented and leased government cars, including a Lincoln Town Car for about a 2-month period during October-December 1983, were assigned for Mr. Villella's use based on each of his two FEMA positions. As the Associate Director for Training and Education, Mr. Villella's official duty station has been the Emmitsburg training center since about June 1981. According to Mr. Villella, he also retained an office at FEMA headquarters because the Director of FEMA wanted him to split his time between the two locations. On November 21, 1983, Mr. Villella also was designated as FEMA's Executive Deputy Director, but his official duty station remained the Emmitsburg training center. As FEMA's Executive Deputy Director, Mr. Villella has been assigned the use of a headquarter's leased vehicle since November 1983. This car was also made available to other headquarters FEMA officials for official business in the Washington, D.C., area.

In addition, Mr. Villella was assigned a government rented or leased car from the Emmitsburg training center from July 1981 until June 1984. During this period, Mr. Villella lived at several locations, including Arlington, Virginia; Frederick, Maryland; and Bethesda, Maryland. The first car was a 1980 Oldsmobile Cutlass rented by the training center from Budget Rent-A-Car in Middletown, Pennsylvania, from July 9, 1981, to

March 11, 1982. In November 1981, a leased car was requisitioned, and in March 1982, a 1982 Ford Granada was received. Subsequently, approval for a larger, class III vehicle was requested from the General Services Administration, to provide better seating for Mr. Villella because of a back disorder. A 1983 Mercury Marquis was approved and received for Mr. Villella's use beginning in May 1983. On October 14, 1983, the Mercury Marquis was involved in an accident in Arlington, Virginia, near National Airport. According to Mr. Villella, an employee from the training center had delivered him to the airport for a departing flight before the accident occurred.

In October 1983, the Ford Motor Company provided a Lincoln Town Car to temporarily replace the leased Mercury Marquis while it was being repaired. The Lincoln Town Car was assigned to Mr. Villella when it too was involved in an accident on December 19, 1983. The accident occurred while the Lincoln Town Car was parked in the parking lot of Mr. Villella's apartment then in Arlington, Virginia. Subsequently, the Mercury Marquis was returned for Mr. Villella's use until June 28, 1984, when it was reassigned to another FEMA official.

According to correspondence between FEMA and the General Services Administration in connection with the request and approval for the Mercury Marquis, the training center government-leased car was to be used to attend meetings at FEMA headquarters and on Capitol Hill by Mr. Villella, whose official duty station was at the Emmitsburg training center. We asked

Mr. Villella whether he used the cars that he had been assigned to travel to and from work because the accident involving the Lincoln Town Car occurred while it was in the parking lot of his apartment.

Mr. Villella told us that he frequently took home the training center cars assigned to him after afternoon meetings at FEMA headquarters. Mr. Villella said he had asked FEMA's General Counsel about using a car to go home. Mr. Villella said that the General Counsel reported that it would be permissible for him to drive his car home if the trip had been made coincident with business in Washington, D.C. FEMA's General Counsel confirmed that he had provided this advice to Mr. Villella early in his tenure at the training center.

Mr. Villella told FEMA's Office of Inspector General, which also was inquiring into the use of government vehicles, that he had a contract security guard at the Emmitsburg training center assigned to him as a driver for about 18 months. During that time, the driver would drop him off at his residence on the way back from meetings in Washington, D.C. He also said that the driver may have used his training center car to take clothes to be cleaned, his glasses to be repaired, get medicine from the drug store, and, on occasion, take him to the doctor in Emmitsburg.

We found no vehicle logs which could be used to establish the exact uses of the training center rented and leased cars assigned to Mr. Villella. However, the contract security guard

at the Emmitsburg training center told FEMA's Office of Inspector General that she was assigned as Mr. Villella's driver from the end of July 1981 until January 1983. She said that she took him to various places, many of which were in Washington, D.C., such as FEMA headquarters, congressional hearings, cocktail parties, and occasionally she took him to the doctor. In addition, she said that she took him to his doctor in Emmitsburg five different times, and to his dentist in Fort Richie, Maryland, twice. She further said that she would go to the bank to cash checks for him, both when he was in Washington and also in Emmitsburg; pick up medication from the drug store; get his lunch; drop off and pick up his cleaning; go to his apartment located then in Frederick, Maryland, and later when he moved to Bethesda, to pick up papers and a change of clothes and various items he may have requested.

The contract security guard also said that for about one year prior to his wife's moving to Washington, D.C., in about May or June 1982, Mr. Villella did not have his own personal car except when his wife came to visit him. She also said that during this period, on an average of about twice per week, she would pick Mr. Villella up in the morning at his apartment then in Frederick, Maryland, and take him to work at the training center. She said she did this for about one year. She and other contract personnel also told FEMA's Office of Inspector General about a trip they made in a training center motor pool vehicle to clean Mr. Villella's apartment.

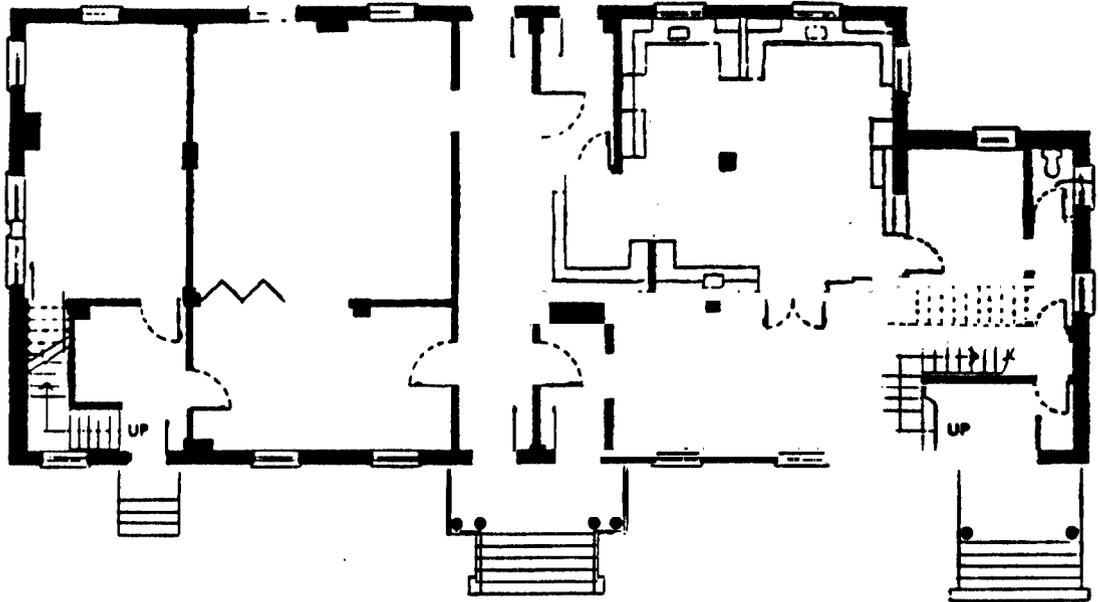
Using a government vehicle for "the transportation of any officer or employee . . . between his domicile and his place of employment . . ." violates section 406 of FEMA's current appropriation act. This restriction has been included in FEMA's appropriation act every year since 1978 and the same provision is also permanently codified in 31 U.S.C. 1344 (1982). In 62 Comp. Gen. 438 (1983) we stated the restriction on home to work transportation "constitutes a clear prohibition which cannot be waived or modified. . ." Id. at 441. An employee's convenience, or even achieving a savings to the government do not create exceptions to the rule which, simply put, states that it is the employee's responsibility to get to and from work on his own.

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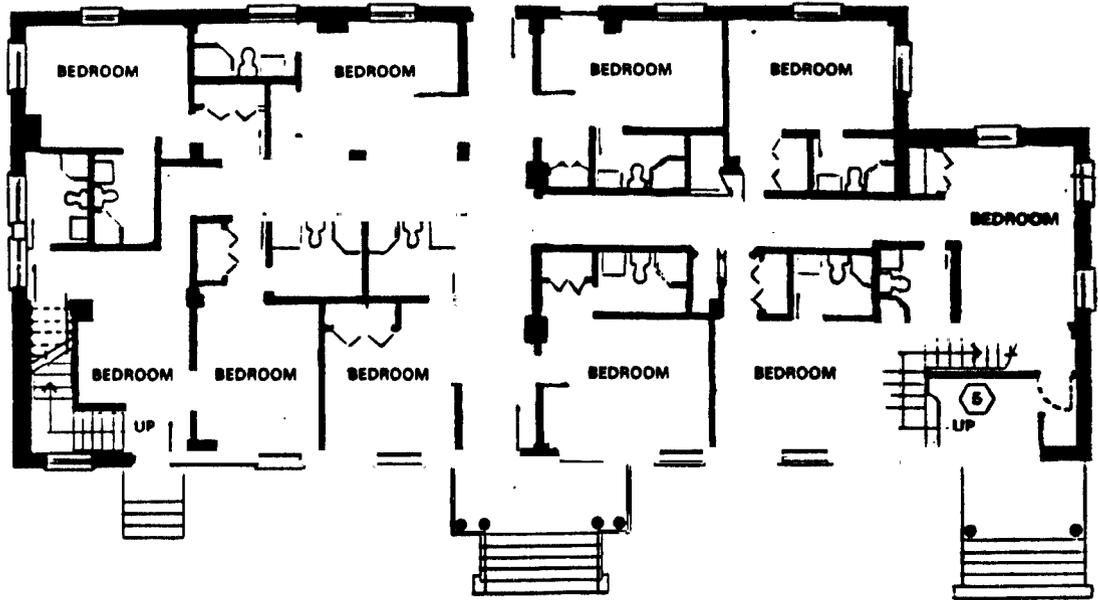
Mr. Chairman, that concludes my prepared statement. If you would like, I can show some slides depicting the renovations made to building "G" at the Emmitsburg training center. I also would be pleased to answer any questions you have at this time.

RENOVATION OF BUILDING "G"  
NATIONAL EMERGENCY TRAINING CENTER  
FIRST FLOOR

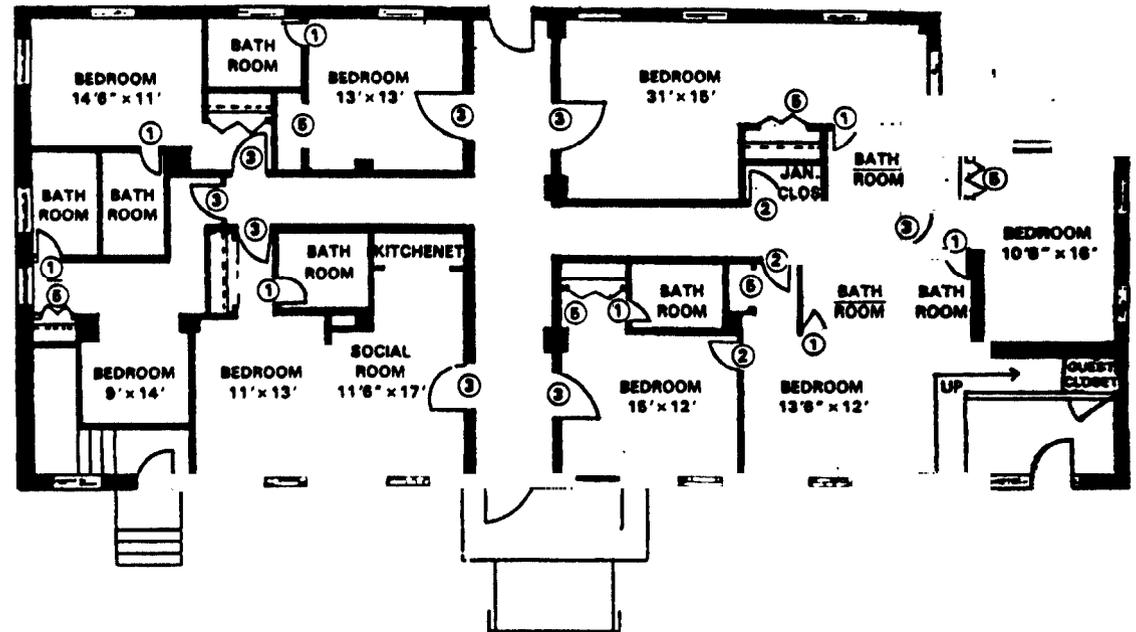
FIRST FLOOR  
BEFORE  
RENOVATION



RENOVATION  
PLAN

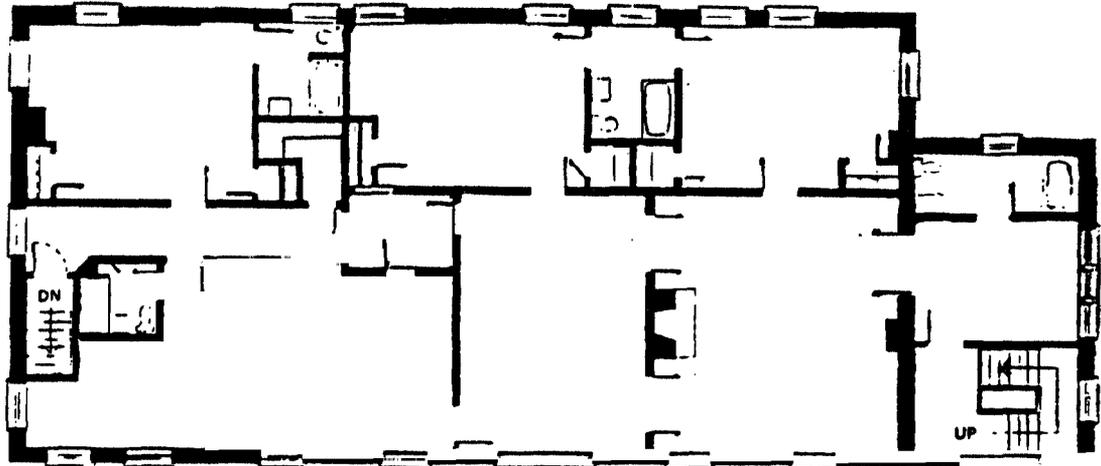


FEMA'S REVISED  
RENOVATION  
PLAN

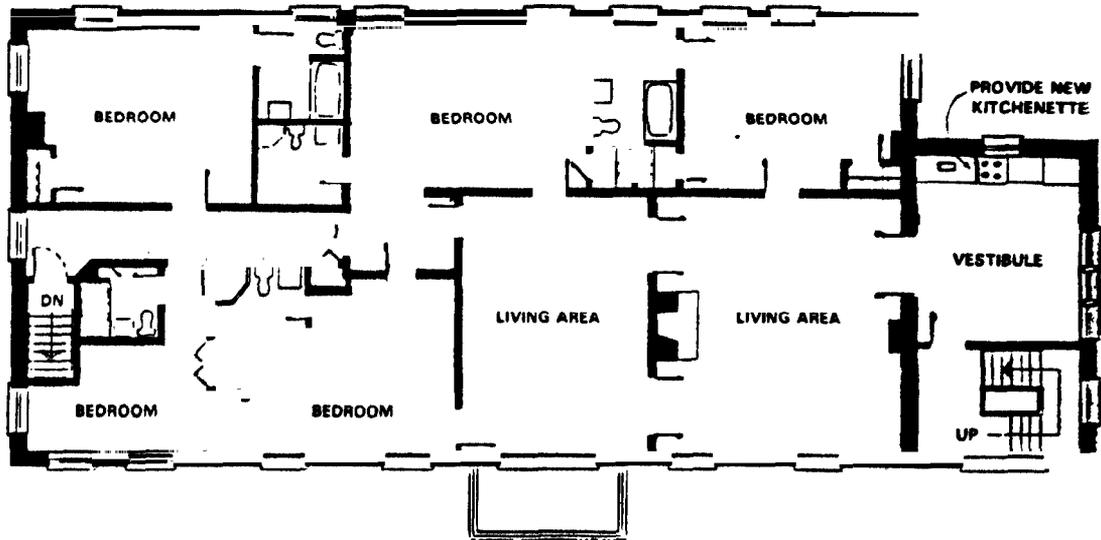


# RENOVATION OF BUILDING "G" NATIONAL EMERGENCY TRAINING CENTER SECOND FLOOR

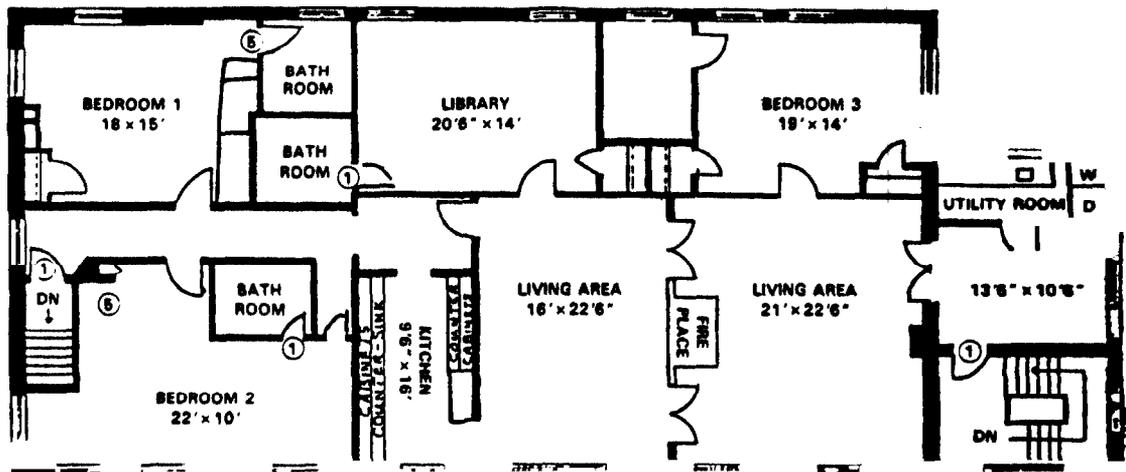
SECOND FLOOR  
BEFORE  
RENOVATION



RENOVATION  
PLAN



FEMA'S REVISED  
RENOVATION  
PLAN



SUMMARY OF CHANGES TO THE  
RENOVATION CONTRACT FOR BUILDING "G"  
NATIONAL EMERGENCY TRAINING CENTER  
EMMITSBURG, MARYLAND

<u>CHANGE</u>	<u>COST</u>
Increase the size of bathrooms and showers, replace existing tile, install raised custom vanities, replace new fiberglass shower stalls and associated changes	\$ 35,172
Install fire alarm and sprinkler system, relocate sprinkler system pipe	29,096
Install complete kitchen on second floor including a 6 burner commercial gas range with fire suppression system	27,821
Make structural and plumbing changes	13,496
Modify lighting and install main breaker	13,197
Install first and second floor kitchenettes	12,908
Wire bedrooms for refrigerators, televisions and telephones; install basement and attic lighting	7,146
Install sound-deadening insulation in new walls	6,803
Install doors, trim, and closets	6,625
Make second floor decorative changes including fireplace modification, window seat and copper-lined planter	5,646
Install Murphy bed in second floor bedroom and make electrical changes	4,211
Relocate heating units and controls	2,703
Miscellaneous items including painting and additional labor charges	<u>4,335</u>
Total	<u>\$169,159</u>